



DEPARTMENT OF THE AIR FORCE

HEADQUARTERS AIR FORCE SPACE COMMAND

MEMORANDUM FOR SEE DISTRIBUTION

FROM: HQ AFSPC/LGCP
150 Vandenberg St Ste 1105
Peterson AFB CO 80914-4350

SUBJECT: INFO.LTR 99-15, Impact of Airline Commission Reductions on Air
Force Travel Service Contracts

1. This information letter, INFO.LTR 99-15, is directive in nature for all AFSPC contracting offices and is issued under Special Publication System, AFSPC 64-101, for Specialized Contracting Publications.
2. Attached SAF/AQC letter provides guidance to ensure consistency when evaluating and responding to travel contractors' request for relief. Even though most of our Commercial Travel Office (CTO) contracts do not contain renegotiation provisions, Contracting Officers are authorized to consider any request for financial relief or renegotiation.
3. Under these circumstances, the Air Force has outlined four appropriate courses of action. When deciding on the appropriate course of action, the Contracting Officer should review all information provided and seek assistance from the Transportation Management Office (TMO) and the Staff Judge Advocate. However, before notifying the contractor of any decision, the Contracting Officer should consult with Air Staff.
4. In addition, if renegotiation is not appropriate and the contractor is not performing, the Contracting Officer can Terminate for Default and assess reprourement costs. Before taking this course of action, the Contracting Officer should seek assistance from TMO, the Staff Judge Advocate, and Air Staff.
5. If you have any questions regarding this letter, please contact Major Mark Fahrenkamp, DSN 692-5305 or commercial (719) 554-5305.


ERIC M. HODGES. Lt Col, USAF
Chief, Policy/Clearance Branch

Attachment:
SAF/AQC ltr dated 7 Jan 98

cc:
AFSPC/IGI

Distribution:
Same as AFSPCFARS



DEPARTMENT OF THE AIR FORCE
WASHINGTON DC



OFFICE OF THE ASSISTANT SECRETARY

07 JAN 1998

MEMORANDUM FOR ALMAJCOM-FOA-DRU (CONTRACTING)

FROM: SAF/AQC
1060 Air Force Pentagon
Washington DC 20330-1060


SUBJECT: Impact of Airline Commission Reductions on Air Force Travel Service Contracts

As cited in the attached USD(A&T) memo, the recent decision by the nation's major airlines to reduce commissions they pay to travel agencies has resulted in travel agencies seeking financial relief on their Government contracts. Due to possible repercussions on the quality and cost of services provided to DoD, it is essential we ensure consistency when evaluating and responding to travel contractors' requests for relief. Accordingly, all travel contractor requests for financial relief and/or contract renegotiations must be directed to the appropriate contracting officer. Contracting officers, with assistance from the Traffic Management Office, Services and the Staff Judge Advocate, should promptly decide upon a course of action and, after consulting with Air Staff, advise the contractor what (if any) additional information is needed.

Our contracts generally do not have a provision allowing upward/downward renegotiation of discount and concession fees since it results in the increased cost of official travel and reduced compensation to the NAFI for its concession. Without proper compensation, both involve an inappropriate reduction of Government and NAFI contractual entitlements and could displace unsuccessful offerors from the earlier competition. Contracting officers have several options, including:

- a. Renegotiation by mutual agreement based on adequate consideration. The consideration must be commensurate with the adjustment in the fees.
- b. A decision not to exercise a contract option and to pursue a new contract.
- c. Termination for Convenience at no cost to the government and reprocurement under a new competition when the existing contract no longer satisfies the user's needs. Consider the use of interim blanket purchase agreements, using the new Air Force Travel PWS, with local travel agencies while services are re-competed.
- d. Extraordinary Contractual Action (FAR Part 50) for official travel service only. This is the least preferred method.

Where renegotiation is not appropriate and the contractor ceases to perform, contracting officers may Terminate for Default and assess procurement costs. This is a coordinated SAF/AQC, SAF/GCQ, AF/ILT, AF/ILV, and AF/JA memo. Our point of contact is Lt Col Hans Jerrell, E-Mail jerrellh@af.pentagon.mil, DSN 425-7029, Commercial (703) 588-7029.


FRANK J. ANDERSON, Jr., Brig Gen, USAF
Deputy Assistant Secretary (Contracting)
Assistant Secretary (Acquisition)

Attachment:
USD(A&T) Memo, 19 Dec 97

cc:
SAF/GCQ
AF/ILT
AF/ILV
Dept of Army: DALO-TSZ-A
CDR, MTMC
Dept of Navy: OPNAV (N41)
HQ USMC: (LFT)
USTRANSCOM (J4)



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THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-3010



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MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTOR, JOINT STAFF
COMMANDER-IN-CHIEF, U.S. TRANSPORTATION COMMAND
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE

SUBJECT: Impact of Airline Commission Reductions on DoD Travel Services

The nation's major airlines have recently decided to reduce from ten to eight percent the commissions they pay to travel agencies. This action has caused some travel agencies under contract to the Department of Defense (DoD) to request relief. It is essential that the Department be consistent when evaluating requests for relief. Accordingly, travel agency requests for relief will be directed to the appropriate DoD travel services contracting officer for action. Contracting officers, in considering requests for relief, shall review requests promptly and render decisions that are consistent with regulations regarding such requests and supporting cost analysis. Determinations shall be rendered as expeditiously as possible to preclude or minimize potential disruptions of service to our travelers. The Reengineering Travel Project Management Office (PMO) shall provide contracting officers the results of its cost analysis of the impact of the airlines' action. Contracting officers shall use this information to support decisions on what, if any, relief should be granted.

To facilitate addressing this issue, I am also expanding the membership of the Reengineering Travel Commercial Travel Office (CTO) Working Group to include an appropriate representative from each Military Department/Agency that has a travel services contract, domestic or overseas. Under its expanded charter, the CTO Working Group will provide an immediate forum to share critical information and ensure consistency in addressing travel agency requests for relief. Contracting officers shall notify the CTO Working Group of the action they propose to take prior to informing the contractor so that all contracting officers will be cognizant of the basis for decisions being made on similar or identical contracts. For the longer term, this forum will assess the handling of contractor concession fees in support of the future Defense Travel System acquisition strategy development process. Please identify your representative to Ms. Kay-Anderson Hager, Chairman, CTO Working Group, at (703) 607-1498, ext. 26.

Thank you for your assistance in addressing this pressing issue. Please pass this guidance to all offices involved in the acquisition of official and leisure travel services.


J. S. Gansler

cc: USD(Comptroller)
USD(P&R)

